

# Corporate Governance Statement

The Board of Directors of Multi-Purpose Holdings Berhad (“the Company”) is committed to ensuring that good corporate governance practices are implemented and maintained throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance long-term shareholders’ value and investors’ interests consistent with the Malaysian Code On Corporate Governance (“the Code”).

The Board is pleased to set out below a statement which describes the practices that the Group has applied with respect to each key Principles and the extent of its compliance with the Best Practices as set out in the Code during the financial year ended 31 December 2008.

## A. DIRECTORS

### 1. The Board and Board Responsibilities

The Group is led by an effective and experienced Board comprising members with substantial years of experience in areas of general management, business, property development, corporate affairs, banking, stockbroking, finance and accounting. The Board has overall responsibility for the review and adoption of the Group’s strategic plans, regular review of the Group’s business performance, ensuring the existence of proper internal controls and the adoption of appropriate risk management systems for the Group.

The Board has delegated certain responsibilities to the Board committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee to support and assist the Board in discharging its fiduciary duties and responsibilities.

The Board has a formal schedule of matters reserved specifically for its decision, including the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

### 2. Board Composition and Balance

The Board currently has seven (7) members, comprising five (5) Non-Executive Directors (including the Chairman) and two (2) Executive Directors. Of the five(5) Non-Executive Directors, three (3) are independent. The Independent Non-Executive Directors make up more than one-third (1/3) of the Board as required under Paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). A brief profile of each Director is set out in this Annual Report.

The Chairman of the Board, Datuk Razman Md. Hashim, is an Independent Non-Executive Director. The two directors holding executive office are Managing Director, Dato’ Surin Upatkoon and Executive Director, Mr Ng Kok Cheang.

The composition of the Board reflects a balance of Executive, Non-Executive and Independent Directors. The presence of three (3) Independent Non-executive Directors brings unbiased and independent views and judgement to the decision making of the Board as well as ensuring that the interests of other parties such as the minority shareholders are properly safeguarded.

There is a clear segregation of responsibilities between the Chairman, the Managing Director and the Executive Director to ensure a balance of power and authority in the Board. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director and the Executive Director are responsible for the day-to-day running of the business and implementation of Board policies and decisions

The Board has nominated Datuk Razman Md. Hashim, the Chairman of the Board, to whom any concerns of shareholders/investors may be conveyed.

# Corporate Governance Statement

### 3. Board Meetings

The Board meets on a scheduled basis at least 5 times a year. Prior to the Board Meetings, a formal agenda together with a set of Board papers containing information relevant to the matters to be deliberated at the meeting are forwarded to all Directors in sufficient time to enable the Directors to review and consider on the matters to be deliberated.

During the year 2008, eight meetings of the Board were held and all directors have attended more than 50% of the Board Meetings. Details of the Directors' attendance for 2008 are set out below:-

Name	Number Of Board Meetings Attended
Datuk Razman Md. Hashim	7
Dato' Surin Upatkoorn	8
Mr Ng Kok Cheang	8
Dato' Lim Tiong Chin	8
Mr Vijeyaratnam a/I V. Thamoatham Pillay	8
Encik Sahibudeen Abdul Kader	8
Dato' Wong Puan Wah	8

### 4. Supply of Information

The directors have full and unrestricted access to information from the senior management and to the advice and services of the Company Secretary. The directors may also seek independent professional advice, at the Company's expense, if required.

The Board is provided on a timely basis with all relevant information on all aspects of the Group's operations and performance through regular status reports, including monthly and year-to-date performance report of the Group's operations.

### 5. Appointments To The Board

The appointment of new Directors is made solely by the Board through a formal and transparent selection process that is consistent with the Articles of Association of the Company. The Board has established a Nomination Committee to make recommendations on suitable candidates for appointment to the Board.

The Nomination Committee comprises mainly non-executive directors, two of whom are independent directors, as follows:-

- |     |   |   |          |
|-----|---|---|----------|
| (a) | Mr Vijeyaratnam a/I V. Thamoatham Pillay<br>( <i>Non-Independent Non-Executive Director</i> ) | - | Chairman |
| (b) | Datuk Razman Md. Hashim<br>( <i>Independent Non-Executive Director</i> )                      | - | Member   |
| (c) | Encik Sahibudeen Abdul Kader<br>( <i>Independent Non-Executive Director</i> )                 | - | Member   |

The responsibilities of the Nomination Committee also include assessing the effectiveness of the Board and the contributions of each director towards the effectiveness of the Board's decision-making process.

## 6. Re-election/Re-appointment of Directors

The Articles of Association of the Company and the Listing Requirements of Bursa Securities provide that at least one-third of the Board are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire once in every three years. A retiring director is eligible for re-election. In accordance thereto, Dato' Surin Upatkoon and Dato' Wong Puan Wah will be retiring by rotation at the forthcoming annual general meeting.

Pursuant to Section 129(6) of the Companies Act, 1965, Datuk Razman Md Hashim, who will be attaining seventy years of age on 31 May 2009, will be submitting himself for re-appointment at the forthcoming annual general meeting.

The re-election/re-appointment of Directors ensures that shareholders have a regular opportunity to reassess the composition of the Board.

## 7. Directors' Training

In the year 2008, all Directors have attended the training programme entitled "CSR Essentials for Directors". The Board will on a continuous basis, evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations, essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

## B. DIRECTORS' REMUNERATION

### 1. Level and Make-up of Remuneration

The objective of the Group's remuneration policy is to attract, retain and motivate Directors to manage the business of the Group effectively. The remunerations of the Managing Director and Executive Directors are linked to their individual performance while all Directors received a standard fee approved by shareholders at the annual general meeting. The quantum of fixed fee takes into consideration the increased fiduciary duties and responsibilities of the Directors under the relevant regulatory requirements.

Additional allowance is paid to the Independent Non-Executive Chairman of the Board while the two other Independent Non-Executive Directors of the Company are paid meeting allowances in accordance with the number of meetings attended during the year.

### 2. Procedure

The responsibilities of the Remuneration Committee include the formulation of remuneration policy such as rewards and benefits and other terms of employment of the Executive Directors as well as staff for recommendations to the Board. The Remuneration Committee held 1 meeting during the year, which were attended by all members.

The members of the Remuneration Committee as at 31 December 2008 are:

- |     |  |   |          |
|-----|--|---|----------|
| (a) | Datuk Razman Md. Hashim<br><i>(Independent Non-Executive Director)</i> | - | Chairman |
| (b) | Dato' Surin Upatkoon<br><i>(Non-Independent Managing Director)</i>     | - | Member   |

# Corporate Governance Statement

- (c) Encik Sahibudeen Abdul Kader - Member  
(Independent Non-Executive Director)

The Board as a whole determines the level of fees of Non-Executive Directors and Executive Directors. The annual Directors' fees payable to directors are endorsed by the Board for approval by the shareholders of the Company at the Annual General Meeting. Directors do not participate in decisions regarding their own remuneration packages.

### 3. Disclosure

The aggregate remuneration of directors of the Company in respect of the financial year ended 31 December 2008 categorised into appropriate components are as follows:-

Directors of the Company	Number of Directors			
	2008		2007	
	Executive Directors	Non Executive Directors	Executive Directors	Non Executive Directors
RM50,001 to RM100,000	-	2	-	3
RM100,001 to RM150,000	-	1	-	-
RM150,001 to RM200,000	-	-	-	-
RM200,001 to RM250,000	-	-	-	1
RM250,001 to RM300,000	-	1	-	-
RM400,001 to RM450,000	-	-	1	-
RM550,001 to RM600,000	1	-	-	-
RM1,250,001 to RM1,300,000	1	-	-	-
RM1,400,001 to 1,450,000	1	-	-	-
RM3,000,001 to RM4,000,000	-	-	2	-

## C. SHAREHOLDERS AND INVESTORS

### 1. Annual General Meeting

The Board recognises the importance of maintaining transparency and accountability to its shareholders and investors. The Annual General Meeting ("AGM") remains the principal forum used by the Company to maintain dialogue and interaction with the shareholders of the Company. During the AGM, shareholders are accorded the opportunity and time to ask questions regarding the resolutions being proposed at the meeting and also on matters relating to the affairs, activities and prospects of the Group. The Board members, Senior Management of the Company as well as the Auditors of the Company are in attendance to provide explanations to any shareholders' queries.

### 2. Investors Relation

The Board also recognises the importance of timely and equal dissemination of information on major developments of the Group to the shareholders and investors, which is carried out by means of various disclosures and announcements to Bursa Securities. The Annual Report is an important channel used by the Company to provide its shareholders and investors with information on its business, financials and other key activities.

# Corporate Governance Statement

The Company maintains a corporate website at [www.mphb.com.my](http://www.mphb.com.my) which shareholders and members of the public can access for corporate information and new events relating to the Group

As part of the Group's investor relations programmes, the Management conducted meetings with the fund managers, research analysts and the media.

## **D. ACCOUNTABILITY AND AUDIT**

### **1. Financial Reporting**

The Board had an overall responsibility for the quality and completeness of publicly disclosed financial reports. In presenting the annual financial statements and quarterly financial results of Group, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates.

The Board is assisted by the Audit Committee to ensure accuracy and adequacy of the information in the annual and quarterly financial statements to be disclosed to shareholders, investors and the public. Quarterly and annual financial statements are reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities.

### **2. Internal Control**

The Company has in place an internal audit department to assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets. The activities of this department which are reported regularly to the Audit Committee provide the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control of the Group.

The Statement of Internal Control in the Annual Report provides an overview on the state of internal control within the Group.

### **3. Audit Committee**

The Audit Committee reviews the Group's financial reporting process, the system of internal control and management of risk, the audit process and the Group's process for monitoring compliance with laws and regulations, and such other matters which may be delegated by the Board.

Full details of the composition, terms of reference and activities of the Audit Committee during the year are set out in the Audit Committee Report in this Annual Report.

### **4. Relationships with the Auditors**

The Board through the Audit Committee has established a formal and transparent relationship with external auditors. The Audit Committee meets at least once a year with the external auditors to discuss the Company's annual financial statements and their audit findings. The Audit Committee also meets with the external auditors whenever it deems necessary.

The above Statement on Corporate Governance has been reviewed and approved by the Board of Directors.